

September 30, 2013

MEMORANDUM FOR: Bruce Borzino
Director, NTIS

FROM: Dr. John Regazzi *JJR*
Chairman, NTIS Advisory Board

SUBJECT: Annual Report for Fiscal Year 2013

On behalf of the members of the National Technical Information Service Advisory Board, all concurring, I am pleased to submit this annual report and recommendations for your consideration and for such further action as may be appropriate. The Board wishes me to convey its appreciation for the courtesies and assistance extended to it by you and your staff.

The Board has established a cycle and purpose for its two meetings per year. The first meeting in the fall after the start of the FY focuses on the strategic plans of the Service as well as the important federal government and industry trends which drive opportunities and risks. The second meeting in the spring of the year is a review of the current year's performance with particular focus on the Service's operations, including financial performance, customer focus, product development, risk management, and competitive and market positioning.

During Fiscal Year (FY) 2013, the Board conducted both the fall and spring meetings. The fall meeting concentrated on a review of the Service's FY 2012 financial and program performance, FY 2013 budget plan projection, strategic direction and strategy development, and internal projects to improve the Service's efficiency. The spring meeting focused on FY 2013 year-to-date financial and program performance, review of two General Accountability Office (GAO) reports featuring the Service, status of information products and federal agency programs, and internal projects to improve the Service's efficiency.

The Board is generally pleased that NTIS continues to adapt and evolve reasonably well to the changing conditions that have buffeted the information industry as a whole and federal government budgets and spending. In particular, the Board is pleased that NTIS continues to use a risk management approach to guide its decision making and program management. The Board also commends NTIS on remaining financially solvent and controlling costs during this period of decreased public and federal spending.

Therefore, the Board is pleased that NTIS completed FY 2013 with a net profit and on a continuing financially self-sustaining basis in spite of federal budget and sequestration spending reductions. The Board recommends that NTIS consider the benefits of establishing multiple year budget projections with projected revenue and net growth targets to support long range planning and investment. The Director advised the Board that NTIS seeks to maintain sufficient revenue growth to ensure the agency's continued financial profitability, stability and self-sustainment.

The Board continues to advise that NTIS must decide how and when to discontinue products and services that are not profitable. The Board is concerned that the too-long continuation of unprofitable activities could drive up prices and threaten long-term NTIS sustainability. The Board recognizes that decisions with respect to particular lines of business are not always easy and that eliminating a particular line does not necessarily result in the elimination of costs. The Board points out that managed growth is important and that NTIS should be careful about spreading itself too thin because it will affect the entire agency. The Board recommends that putting in the right tools to manage the growth process is important. NTIS informed the Board of the selected information products that will be discontinued in FY 2014 and of the "watch list" featuring products and services that are being evaluated for possible discontinuance in the future.

The Board is satisfied with that the revised NTIS Mission and Vision Statements featuring NTIS as a provider of information management solutions for the public, industry and other federal agencies. NTIS has developed a clear unified mission statement that ties products and services together to support the agency's long-term sustainability. The Director indicated that the senior staff had conducted a thorough review of the NTIS Strategic Plan and decided not to change its strategic initiatives and goals in FY 2013.

The Board notes the progress that NTIS has made to improve the usability and functionality of the National Technical Reports Library (NTRL). However the Board continues to be disappointed in that NTRL is not achieving projected revenue and growth goals. The Board does recognize that NTRL is an important program in the NTIS statutory requirement to enable the public, industry and academia access to the NTIS technical documents repository. The Board is pleased that NTIS continues to explore methods to increase the distribution of technical reports through the digitization-on-demand option available in NTRL. The Board advises NTIS to create a line of products to meet both mission and market needs. The Chairman notes that user and market need must be the driver of what products NTIS should continue to offer and those products to be discontinued.

The development of healthy service components is endorsed by the Board, which finds it to be consistent with the NTIS mission. For this reason, the Board recommends that NTIS seek new product services such as Drug Enforcement Administration (DEA) and Death Master File (DMF). The Board continues to support the development and marketing of the Federal Science Repository Service (FSRS) and other repository programs. On the other hand, the Board is split on whether the World News Connection is an appropriate service product that NTIS should maintain.

The Board is pleased with the information provided by NTIS on recent Office of Management and Budget (OMB) guidance regarding open access to unclassified federal funded research and

the opportunity to participate in the roundtable discussion to identify business strategies and opportunities that NTIS might pursue regarding open access. Members felt that NTIS will incur increased costs without revenue if more technical reports in the NTIS collection are available for free. The Board recommends that NTIS conduct further analysis prior to proceeding with increased open access to its technical information products and metadata. The Board recommends that NTIS increase market penetration into U.S. corporate and international business segments. NTIS must look to develop integration solutions across silos to reduce duplication and overlap.

The Board is pleased with the continued revenue growth in the NTIS services lines of business although members are concerned with balancing revenue growth with staff work load, customer satisfaction, and quality of service. The Chairman recommends that NTIS consider developing a roadmap to plan NTIS revenue growth and investment through 2016. The Board recommends that NTIS determine if NTIS services margins are lower than similar services provided by federal contractors. NTIS needs to determine if it can reduce the costs in federal services' lines of business with low operating margins.

The Board is pleased that NTIS continues measures to reduce costs, specifically cost associated with information products. The Board recommends that to continued growth, NTIS must clearly identify its customers and the market segments that it must be a leader in. The Board recommends that NTIS consider how to reach a broader segment of knowledge users, not just researchers. The Board recommended that NTIS identify its information product customers, conduct focus groups and surveys to better understand their needs, and establish relationships with them. The Board also recommends that NTIS continuously review NTIS investments and lines of business to determine if they are accomplishing or underperforming plan.

The Board looks forward to hearing how NTIS is responding to these recommendations at its next meeting which is scheduled for November 1, 2013.

The following members have approved this report:

John Regazzi, Chairman

Robert Friedenberg

Jose-Marie Griffiths

Judith Russell

MacKenzie Smith